



Arizona Restaurant Association

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January 5, 2023

The Honorable Lea Marquez Peterson
The Honorable Anna Tovar
The Honorable Jim O'Connor
The Honorable Kevin Thompson
The Honorable Nick Myers
Arizona Corporation Commission
1200 W. Washington St.
Phoenix AZ, 85008

Dear Honorable Commissioners,

First and foremost, I want to wish each of you a very happy and healthy year ahead and to thank you for your consideration of this letter.

With an estimated \$17.5 billion in sales in 2022 and over 240,000 employees, the Arizona restaurant industry is a leading economic engine for our state. At the Arizona Restaurant Association, we are committed to furthering our members' success by acting as an effective voice with government officials to ensure laws at the city, county and state level do not place an undue burden on their ability to operate. With that in mind, I write to you today to respectfully urge you to adopt the findings of the administrative law judge in Southwest Gas' rate case that reject SWEEP's Infrastructure and Investment Plan (IIP) process and their proposed changes to the utility's allowable investment policy. If enacted, these policies will have a detrimental impact on our members' ability to maintain and obtain the energy infrastructure they need to be successful.

The members of the Arizona Restaurant Association take great pride in the businesses they run. Not only do they employ hard working Arizonans, but they also provide spaces in cities and towns across the state for people to gather, break bread and build a sense of community. While there are several factors that contribute to the prosperity of a restaurant, a key component to the success for many of our members' businesses is access to natural gas.

Natural gas serves as a necessary and precious tool to execute certain cooking techniques in the same way as quality knives or high-end cookware. Professional chefs prefer the open flame from a natural gas stove, as it provides a heat source that is consistent, reliable, and more controllable for their culinary needs. According to a recent study by the National Restaurant Association, 90% of restaurateurs using natural gas say losing the ability to cook with it would negatively impact the quality of food that they serve.¹ If policies were

¹ (National Restaurant Association, 2022)

<https://restaurant.org/nra/media/downloads/pdfs/advocacy/2022/banning-natural-gas-at-the-local-level.pdf>

adopted in Arizona to restrict natural gas use, many chefs would have to re-learn the basics of their craft, which would undoubtedly hurt our members and their customers.

In addition to helping chefs prepare quality meals for customers, natural gas provides cost savings for restaurateurs. Over the last decade commercial and industrial customers in the United States, including restaurants, saved over \$500 billion by using natural gas.² Gas ranges cost 10-30% less to operate on an ongoing basis and have longer lifespans than comparable electric models.³ As we look into the future, natural gas is projected to be 1/2 – 1/3 the price of other fuels through 2050.⁴ For an industry that operates on tight profit margins, having access to this important energy source will be critical to our members' financial wellbeing.

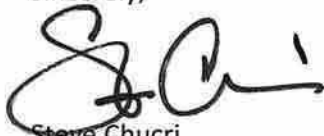
Over the last 3 years, our industry has dealt with several obstacles including the unprecedented COVID-19 pandemic and record inflation. These challenges have left our members to grapple with increased business uncertainty and financial pressures. The adoption of SWEEP's proposals that are designed to make it more difficult for restaurateurs to obtain or maintain natural gas infrastructure would only exacerbate those negative dynamics.

SWEEP's IIP proposal would be detrimental for both new and existing restaurants. If adopted, the plan would force Southwest Gas to seek cumbersome pre-approvals for nearly all replacement and new business work in order to serve our members. This process would create uncertainty over whether restaurants could obtain or maintain the energy infrastructure they need, as applications for new infrastructure would be evaluated against "non-pipeline alternatives" including mandated building electrification. If our restaurants were forced to electrify, their business models would be disrupted, and costs would increase dramatically.

If new restaurants were ultimately approved to use natural gas, SWEEP's proposed changes to Southwest Gas' allowable investment policy would force restaurateurs to find additional capital to open their doors by taking away the ability for customers to finance their infrastructure. This policy would represent yet another hurdle for entrepreneurs to navigate in order to start a small business.

On behalf of our entire industry, the Arizona Restaurant Association respectfully asks that you reject SWEEP's proposals that would restrict natural gas use in the state. By doing so, you will help protect the business environment of Arizona and a key input of the restaurant industry's success.

Sincerely,



Steve Chucri
President and CEO
Arizona Restaurant Association

² (American Gas Association, 2021) <https://playbook.aga.org/affordable>

³ (National Restaurant Association, 2022)

⁴ (American Gas Association, 2021)